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SUBJECT: MAY 13 TAO PRESS BRIEFING: ARMS SALES, MA'S ONE YEAR MARK,
KMT-CCP PLATFORM, POLITICAL TALKS, REPRESENTATIVE OFFICES

Summary

¶1. Key points from the May 13 Taiwan Affairs Office (TAO) press briefing:

-- Regarding potential U.S. arms sales to Taiwan, the TAO spokesman said China's "consistent" and "clear-cut" policy is that it opposes U.S. arms sales to Taiwan.

-- Assessing Taiwan President Ma Ying-jeou's first year in office, the spokesman hailed the efforts of the two sides to "seize the rare opportunity," make a "historical turning point" and achieve a "breakthrough" in cross-Straits relations.

-- The spokesman confirmed that KMT Chairman Wu Poh-hsiung accepted an invitation to visit the Mainland and meet with CCP General Secretary Hu Jintao in June. He reiterated the importance of the KMT-CCP "platform" but refused to speculate on what the impact on this channel would be if Ma Ying-jeou were to assume the KMT chairmanship.

-- On Ma's comment that he would focus on economic issues for his first term, the spokesman said that while economics should come first, sensitive political and military issues, if not eventually dealt with, could become a bottleneck in the development of cross-Straits relations.

-- Asked about Ma's stated desire for the mutual establishment of representative offices, the spokesman said that China has a positive attitude on the issue and is ready to engage in consultations at an appropriate time.

ARMS SALES TO TAIWAN

¶2. At the May 13 Taiwan Affairs Office (TAO) press briefing, spokesman Yang Yi was asked whether U.S. arms sales to Taiwan would be an obstacle to the establishment confidence building measures between the Taiwan and Mainland militaries. Yang responded that the "great progress" in cross-Straits relations has not come easy and should be cherished. The two sides should do things to promote the peaceful development of cross-Straits relations. China has been consistently and resolutely opposed to U.S. sales of weapons to Taiwan. He noted that China's position on this issue was "consistent" and "extremely clear-cut".

MA'S FIRST YEAR IN OFFICE

¶3. The TAO spokesman, asked to comment on the Ma's first year in office, hailed the efforts of both sides to "seize the rare opportunity," make a "historical turning point" and achieve a "breakthrough" in cross-Straits relations. He said that both sides oppose "Taiwan independence" and accept the "92 consensus." Mutual political trust has unceasingly strengthened over the past year. Yang expressed hope that the two sides would continue to uphold the spirit of "building mutual trust, setting aside disputes, seeking common ground while reserving differences, and jointly creating win-win circumstances" to promote further peaceful development across the Taiwan Strait.

KMT-CCP PLATFORM

14. Yang confirmed that KMT Chairman Wu Poh-hsiung has accepted an invitation to visit the Mainland and meet with CCP General Secretary Hu Jintao in June. He reiterated the importance of the KMT-CCP "platform" (guo gong pingtai, i.e. party-to-party exchanges) saying that it has played a "positive role" in developing cross-Straits relations over the past several years and said the channel will continue to be useful. Asked what would happen to the KMT-CCP platform if Ma Ying-jeou assumed the KMT chairmanship, the spokesman said that he did not want to answer a hypothetical question.

FIRST ECONOMICS, THEN POLITICS

15. In response to a question on Ma's comment that he would focus on economic issues for his first term, the spokesman acknowledged the primacy of economic issues, but said that the two sides should not miss the opportunity to engage in cultural and economic exchanges as well. As for the contradictions and disputes between the two sides, the spokesman said that if the sensitive political and military issues were not eventually dealt with, they could become a bottleneck in the development of cross-Straits relations.

REPRESENTATIVE OFFICES

16. Asked about Ma's stated desire for the mutual establishment of representative offices, the spokesman said that the two sides have already agreed to the mutual establishment of offices for shipping companies, airlines, travel agents and financial institutions. As for setting up representative offices for the Association for Relations Across the Taiwan Strait (ARATS) in Taiwan and the Straits Exchange Foundation (SEF) in the Mainland, Yang said that China has a positive attitude on the issue and is ready to engage in consultations at an appropriate time.

OTHER ISSUES

17. Other issues addressed by the TAO spokesperson:

-- Economic Cooperation Framework Agreement (ECFA): China has and "open and positive" attitude about negotiating an ECFA with Taiwan. He expressed hope that the two sides will each quickly complete their basic research and preparations so that formal consultations can begin. Yang said that China would continue to consider Taiwan's requests, protect their interests and show good will. He noted that China is eagerly awaiting the formal publication of Taiwan's investment guidelines for Mainland enterprises.

-- H1N1: China promptly notified Taiwan about its first confirmed case of H1N1 and that the two sides are closely coordinating and sharing information to control the outbreak.

-- New West Strait Economic Development Zone: Yang Yi spoke at length about the State Council's recent statements in support of a "West Strait Economic Zone." He explained the plan was meant to promote the development of economic relations between Fujian Province and Taiwan, taking advantage of the geographic proximity and cultural affinity of the two areas.

-- Strait Forum: The TAO spokesman announced that Politburo Standing Committee Member Jia Qinglin would attend the May 15-22 Strait Forum in Fujian, which would include over 8000 participants, including local officials from 25 counties and cities in Taiwan. The spokesman implied that no local DPP officials had accepted invitations to attend the forum.

-- More Flights?: Asked about Ma's desire for 540 weekly cross-Straits flights, the spokesman said that the current air corridors were already at capacity despite the recent increase from 104 to 270 weekly flights. The Mainland hopes to open new air corridors to meet market demand.